

REMARKS

The Examiner's Action

In the Action, the Examiner rejected all pending claims for failing to define nonobviousness subject matter over the teachings of three particular cited references, two of which have been cited and discussed in earlier Actions, Luchs et al, U.S. Patent No. 4,831,526 ("Luchs") and "Electric Insurance", while a new reference to Hargrove, Jr. et al., U.S. Patent No. 5,897,619 ("Hargrove") is cited and relied upon.

The Subject Invention

For purposes of brief review, the subject invention is directed to a method and apparatus for on-line servicing of an existing insurance policy between a policyholder and an insurer, via the facilities of the Internet or other electronic communication network. Communication is directly between the policyholder and the insurer for real-time automated adjustment of policy parameters by the policyholder and without the necessity of agent/underwriter guidance and intervention for the benefit of the policyholder or the insurer. Thus, the system provides a substantial advantage over prior art systems by allowing unsophisticated policyholders (vs. educated and trained insurance agents or representatives) to directly communicate with their insurer about desired policy changes, and to directly effect the desired changes to their own policies, electronically and in real-time. The provision of an adjustment system which facilitates 100% policyholder-driven service and operation without agent and operator intervention or assistance provides substantial economies and efficiencies not only with regard to speed of implementation, but also with regard to cost savings. The subject invention comprises an automated system that is fully controlled and operated by the insurer's customer base and provides a substantially improved functionality for the policyholder so that the policyholder himself can independently manage the complete policy life cycle without having to go to a particular agent, waiting for

the agent to deal with the matter and with the insurer advising what options are available, underwriting the risk presented by the desired changes, calculating the resulting rate change and then the policyholder making the actual adjustment decision which must be communicated back to the insurer through the agent.

The subject invention comprises a totally automated system for computation and communication of resulting cost adjustments from policyholder communication of a range of possible or actual policy parameter changes. An information module identifies the policyholder to the system and communicates to the policyholder the currently existing policy parameters. A policy adjustment module selectively communicates parameter changes made by the policyholder to the insurer's computer system using the policyholder's answers to a series of questions which are automatically selected for relevance based on prior policyholder responses. The computer then automatically underwrites the risk associated with the parameter change and generates, electronically and in real-time, the resulting policy costs attributable to the parameter change. Such cost adjustments can be communicated in the form of a quote, and if the computer is so instructed by the policyholder, the policy change and related cost adjustment can be formally submitted and implemented.

The Cited References

The Examiner's principal reference to Luchs has been repeatedly discussed between Applicant, the Examiner and the Examiner's supervisor. Applicant continues to disagree with the Examiner about whether numerous features attributed by the Examiner to Luchs in the Office Actions actually exist therein. Applicant cannot find such features as cited by the Examiner. Applicant herein incorporates by reference all of its preexisting distinguishing remarks, which have not been repeated here for purposes of brevity. However, for purposes of emphasis, Applicant again needs to point out the more important lacking features of Luchs, particularly as combined

with the new Hargrove reference as relied upon by the Examiner in rejecting the pending claims.

The Examiner repeatedly emphasizes that Luchs teaches a "policy adjustment module for selectively communicating a desired parameter change by the policyholder and for generating in real-time an adjustment in the policy attributable to the parameter change and directly communicating to the policyholder in real-time an acknowledgement of the adjustment." [emphasis added]. The Examiner cites to column 24, lines 17-28 in support of this citation.

Applicant's specification, and the argued construction throughout the prosecution of this application, make it very clear that the desired parameter change must be communicated to the system "by the policyholder". Applicant's method comprises an automated policyholder administered system which is possible only through the intelligence embedded therein. The Examiner is apparently construing the claims in a manner so that any desired change by the policyholder must be somehow communicated – even through the agent. In Luchs, the communication is done solely through the agent (column 24, line 17). Further, only after client approval, can the agent then select "issue" mode so that the policy can be issued as requested. Thus, there is no direct communication between the policyholder and the system in real-time in the processing steps of the Luchs system. The agent has exclusive access to the system – not the policyholder, the agent must enter all the desired adjustments – not the policyholder, the system communicates back to the agent that the adjustments are acceptable and then the agent must confirm acceptance of the terms by entering the issue mode. In only one place in the entire Luchs specification is any communication acknowledged as anything but exclusive between the agent and the system. At column 24, lines 19-20, the system indicates that a premium quote may be presented "to the agent and/or client in the policy premium summary screen shown in Fig. 10g." Given the numerous contradictory statements in the specification that the policyholder cannot have user access to the system (note column 15, lines 33-36), a more reasonable

interpretation of this statement is that after the agent receives a quote, it must be communicated to the policyholder for approval before the agent can go back to the system and in fact issue the policy. Such communication steps are repeatedly emphasized in the subject application as the kind of inefficiency that is sought to be eliminated by Applicant's system.

The Examiner and Applicant at least agree that Luchs does not teach that the adjustment of the policy is generated without involvement of a customer service representative or agent. The Applicant preserves its previously stated disagreements with the Examiner's interpretation of Luchs, especially with regard to its failure to teach policy servicing capabilities via direct communication between the policyholder and the insurer, real-time policy adjustment via such communication and automated selective adjustment and confirmation thereof.

The Examiner relies upon the newly cited reference to Hargrove for teaching a system for issuing and updating existing farm insurance policies automatically and without involvement of a customer service representative or agent. Applicant disagrees with such an interpretation of the teachings of this reference. The reference repeatedly emphasizes that issuing and updating of the policy can only be accomplished with an agent involved. The Hargrove system does allow a farmer to directly communicate with the system for purposes of providing factual information about a field location and crop plantings, but the farmer lacks the freedom and ability to effect any issuance or updating changes to the policy without agent involvement.

More particularly, the Hargrove specification emphasizes the essential presence of the agent repeatedly. In the Background section, it is emphasized that the need to be satisfied by the Hargrove system is to provide a system that "allows the agent to obtain this field-related data more accurately, verify that all fields are reported, and verify that FCIC and accompanying underwriter standards have been met." (column 2, lines 39-42). Further, the system also satisfies a need of relieving the farmer to know the detailed legal description of the field while providing a system "which will enable the agent to correctly rate each field." (column 2, lines 65-66). Again,

the accessible rate table database relies upon information provided by the farmer, but "the rate database 21 allows the agent to make adjustments for various contingencies such as the farmer planting the crop after the final planting date as established by the FCIC." (column 5, lines 21-27).

Similar to Luchs, there is only one off-hand and inconsistent statement in the specification of Hargrove seemingly allowing the farmer independent access. At column 11, lines 14-16, it is indicated that the system allows "the farmer or agent" the ability to easily validate legal unit structures as assigned by FCIC guidelines. However, it should be emphasized that this is an informational provision aspect of this system – not relevant to the acts of issuing or updating of the policy.

A fair construction of Hargrove is that it teaches a computer system which allows a farmer to input factual information to the system only – but lacks a teaching of the important aspect of the subject application, the ability to directly communicate desired parameter changes to a policy, effect those changes, and directly receive confirmation of the policy change – all in real-time without the assistance of an insurer, agent or representative.

A combination of the teachings of Luchs and Hargrove, provides a system which teaches that an insured (the farmer) may directly communicate some informational facts to an insurer through the system – not unlike a conventional system where an insured may call up his insurance company, talk to an insurance representative and advise of the occurrence of an accident or change in vehicle ownership. However, under both Hargrove and Luchs, effecting any change in the policy with regards to updating policy coverage and cost therefor, needs the involvement of a customer service representative or agent. Neither Hargrove nor Luchs teaches a fully automated system which is capable of being operated by a policyholder who is not an insurance professional. Thus, a combination of these references lacks an important claimed feature of the subject application.

Lastly, the Examiner again relies upon Electric Insurance for the teaching of a system that purportedly offers real-time auto insurance rate quotes and on-line policy purchase services. Applicant again respectfully

disagrees with the Examiner's citation of the significance of this reference. Electric Insurance, is a brief summary description of an on-line policy purchase system whose subject is policy acquisition, insurance planning tools and some other generalized information. The function of the system described in Electric Insurance is to allow customers to compare rates from multiple carriers in one session. There is no policy servicing functionality whatsoever in the reference. It is merely a communication system which facilitates policy purchase/acquisition through comparison shopping through an on-line system. The claims distinguish over this reference.

The claims distinguish over the teachings of the references

Independent claims 1, 13, 25, 31, 37, 49, 61 and 67 all include limitations emphasizing the direct communication between the policyholder and the policy server system directly and in real-time without the help and assistance of a server system representative or agent. Such direct real-time communications for effecting policy adjustments via direct real-time mutual communications is not shown individually or in combination in any of the cited references.

The Examiner will note that claim 13 has been amended to further emphasize the direct communication between the policyholder and the server system to more clearly emphasize that the communication is direct from the policyholder to the system, not via an agent – as is taught in Luchs. The other changes to claim 13 relate to the features of the information module. Quite surprisingly, and likely unlawfully, Hargrove seems to indicate that the policyholder database 24 comprising the policies of different individual insurers, may be somehow accessed by a plurality of users. This, of course, is practically impossible, as no commercial system could be successfully permitted allowing one farmer to access the policy terms of another farmer. Such a feature would violate both federal and state privacy laws. As a consequence, the Hargrove system could not be operated directly by a policyholder. The amendments to claim 13 emphasizing the confidential secure nature of the information contained in the information module are

intended to better distinguish this feature from what the Examiner has cited as significant in Hargrove.

There are other claimed features which are deemed as novel upon review of the references including those relating to an electronic funds transfer module (claims 15) which the Examiner says is taught in Hargrove, page 1, lines 27-32. The Examiner's cite is to a very general statement with regard to an insurance company calculating premiums, liabilities and claim payments. There is no teaching whatsoever with regard to a module to effect electronic funds transfer between a policyholder and the system.

CONCLUSION

The direct communication between an insured and insurer over changes to an existing policy, i.e., without the aid or intervention of a customer service representative or agent, and the "real-time" implementation of a selected change by the insured, acting alone, and its direct confirmation back to the insured, also in real-time, is not shown or taught in any of the references, individually or in combination.

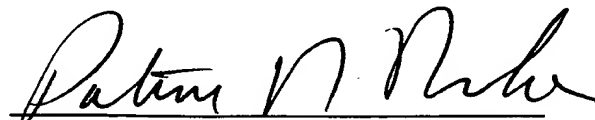
For the foregoing reasons, it is believed this application is now in condition for allowance and early notice thereof is requested.

If any fee is due in conjunction with the filing of this Amendment, Applicant authorizes deduction of that fee from Deposit Account 06-0308.

Respectfully submitted,

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